

IRS TAX TIP 2004-05

WHICH FORM — 1040EZ , 1040A or 1040?

If you are filing a federal income tax return on paper, use the simplest form you can, the IRS advises. The simpler the form, the less chance of an error that may cost you money or delay the processing of your return. The simplest is Form 1040EZ. Form 1040A covers several additional items not addressed by the EZ. Form 1040 should be used when itemizing deductions and reporting more complex investments and other income. Here are some guidelines to help you determine which form to use:

1040EZ

- Taxable income below \$50,000
- Single or Married Filing Jointly
- Under age 65
- No dependents
- Interest income of \$1,500 or less

1040A

- Taxable income below \$50,000
- Capital gain distributions, but no other capital gains or losses
- Only tax credits for child tax, education, earned income, child and dependent care expenses, adoption and retirement savings contributions
- Only deductions for IRA contributions, student loan interest, educator expenses or higher education tuition and fees
- No itemized deductions

1040

- Taxable income of \$50,000 or more
- Itemized deductions
- Self-employment income
- Income from sale of property

If you cannot use either a 1040EZ or 1040A, you probably need a regular 1040. You can use the 1040 to report all types of income, deductions, and credits. You may have been mailed a 1040A or 1040EZ tax package this year based on the return you filed last year. If your situation has changed this year, it may be to your advantage to file a 1040 instead. For example, you may pay less tax by filing a 1040 because you have enough deductions to itemize this year.

Remember, choosing the correct tax form could mean money in your pocket. Check your tax instructions carefully. Publication 17, "Your Federal Income Tax," is a helpful guide to preparing your federal tax forms. It is available from the IRS Web site at www.irs.gov or by calling toll free 1-800-TAX-FORM (1-800-829-3676).

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